

weekly economic review

February 15, 2013

Manufacturing Shipments

Shipment growth moderates in 2012

Following a sharp increase in 2011, Alberta manufacturing shipments grew at a slower rate in 2012. Alberta manufacturing shipments were up 5.0% in 2012, a moderation from the 18.0% growth recorded in 2011. Most of the deceleration reflects declines in chemical manufacturing and petroleum and coal products, which were hurt by lower energy prices. Alberta shipments outpaced the national increase of 3.4% in 2012.

Alberta manufacturing shipments finished 2012 on a weaker note, dropping to the lowest level in more than a year. Shipments decreased for the third month in a row in December, down 4.5% from November. The decline was broad-based with only food, wood, non-metallic mineral and primary metal products posting gains. Along with the monthly drop, shipments fell by 9.0% on a year-over-year basis, marking the second consecutive decrease. This decline was also broad-based, with the four largest manufacturing categories recording a drop.

Resale Housing Market

Sales of existing homes rebound

Alberta resale activity bounced back in January following three consecutive monthly declines. Sales of existing homes reached 4,954, up 2.1% from December and up 7.0% from January 2012. The sales-to-new listings ratio was 0.61, well above the 0.50 national average. Meanwhile, the average home price fell 2.5% from December, but posted the largest year-over-year increase (5.3%) in more than 2 years. Nationally, prices were up 1.0% year-over-year, while sales were down 8.8% over the same period.

New Motor Vehicle Sales

Vehicle sales jump in 2012

Alberta's vehicle sales rose an impressive 10.5% in 2012 over 2011 levels. This was well above the national increase of 5.9%, and represents Alberta's largest gain in six years. In more recent months, growth in vehicle sales has started to trend lower, with sales down 0.7% year-over-year in December.

Construction Price Indices

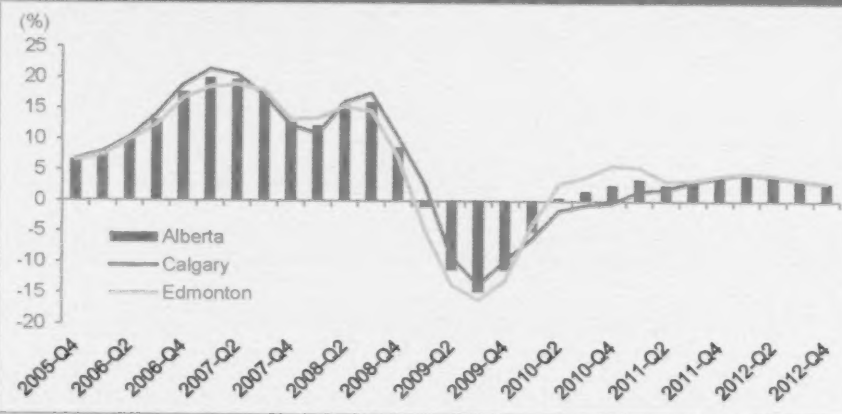
Construction cost inflation moderates

Non-residential building construction costs in Alberta's two largest cities continued to rise in the final quarter of 2012, but at a slower pace. In the fourth quarter of 2012, non-residential construction costs rose 2.9% in Calgary and 3.0% in Edmonton

relative to the same quarter in 2011. Growth in both indices has now decelerated for three straight quarters. In Canada's seven metropolitan areas, non-residential construction cost increased by an average of 2.1% in the fourth quarter over the same period in 2011.

Another measure of construction cost inflation, growth in the apartment construction price index, has also moderated. Apartment construction costs rose 3.0% in both Calgary and Edmonton compared with the fourth quarter of 2011, the weakest increase in just over a year. Despite the moderation, Alberta's two major cities continued to have the largest cost increases among the seven metropolitan areas on a year-over-year basis.

Non-Residential Construction Price Index (y/y change)



Source: Statistics Canada

* Alberta represents an average of Calgary and Edmonton price indices.

Closing Prices	February 7, 2013	February 14, 2013	2012-13 Fiscal YTD
Canadian Dollar (US\$/C\$)	100.07	99.92	100.16
WTI Oil (\$US/bbl)	\$95.83	\$97.31	\$91.83
NYMEX Natural Gas (\$US/MMBtu)	\$3.29	\$3.16	\$2.98

Alberta Economic Indicators

Population	2011	2012YTD	2013YTD	Aug	Sep	Oct	Nov	Dec	Jan
Population ¹ (000's)	3,778	3,874	--	--	--	3,907	--	--	--
y/y % change	1.5	2.5	--	--	--	2.9	--	--	--
Net Interprovincial Migration ¹	8,443	28,170	--	--	--	13,915	--	--	--
Net International Migration ¹	16,703	37,990	--	--	--	10,809	--	--	--
Net Non-permanent Residents ¹	7,604	9,721	--	--	--	3,946	--	--	--
Labour Market									
Employment (000's), SA	2,094	2,150	2,175	2,155	2,156	2,162	2,170	2,165	2,175
y/y % change	3.8	2.7	1.9	2.1	1.8	1.8	1.9	1.5	1.9
Unemployment Rate (%), SA	5.5	4.6	4.5	4.4	4.4	4.5	4.2	4.5	4.5
Participation Rate (%), SA	73.7	73.4	72.9	73.2	73.1	73.1	73.0	72.9	72.9
Average Weekly Earnings (\$), SA	1,038.69	1,071.81	--	1088.45	1083.98	1095.42	1085.89	--	--
y/y % change	4.6	3.3	--	3.6	3.9	4.0	3.4	--	--
Price Indices									
Consumer Price Index (y/y % change)	2.4	1.1	--	1.0	1.4	0.6	0.6	0.0	--
Excluding food and energy	0.8	1.3	--	1.4	1.1	1.2	0.9	1.1	--
NEW: Non-Res. Building Cons. Price Index ² (y/y % change)	3.4	3.8	--	--	3.5	--	--	3.0	--
Farm Product Price Index (y/y % change)	18.0	5.2	--	5.0	2.3	--	--	--	--
Crops	19.3	1.9	--	4.2	1.7	--	--	--	--
Livestock	16.7	7.8	--	5.2	3.7	--	--	--	--
Household Sector									
Housing Starts (SAAR, 000's)	25.7	33.4	29.3	29.2	33.4	33.7	39.6	30.1	29.3
y/y % change	-5.1	29.9	12.1	-5.9	34.2	-0.2	31.8	5.3	12.1
New Housing Price Index ³ (y/y % change)	0.4	1.3	--	1.6	1.8	1.6	1.7	1.9	--
Edmonton	0.9	0.9	--	0.9	1.3	0.8	0.8	1.0	--
Calgary	0.1	1.7	--	2.4	2.3	2.4	2.8	3.1	--
NEW: MLS Average Resale Prices (\$ 000's)	352.7	362.0	363.0	365.5	360.1	369.5	370.7	372.2	363.0
y/y % change	0.5	2.6	5.3	3.6	0.2	3.9	4.2	5.2	5.3
Edmonton (\$ 000's)	324.2	332.7	334.9	335.9	318.7	336.8	343	345.9	334.9
y/y % change	-0.7	2.6	0.8	2.8	-4.4	2.0	5.3	4.4	0.8
Calgary (\$ 000's)	401.9	410.8	414.9	414.7	413.4	421.4	419.3	436.0	414.9
y/y % change	1.1	2.2	10.4	2.2	0.9	3.5	3.1	8.3	10.4
Retail Sales, SA (y/y % change)	6.9	8.1	--	8.4	8.0	5.4	4.4	--	--
NEW: New Motor Vehicle Sales (y/y % change)	9.6	10.5	--	9.0	15.7	9.1	2.6	-0.7	--
Consumer Bankruptcies	7,029	5,413	--	454	421	489	420	--	--
y/y % change	-13.8	-17.3	--	-23.7	-19.8	-5.0	-27.2	--	--
Business Sector									
Rigs Drilling	286	250	368	223	229	236	258	287	368
y/y % change	30.4	-12.6	-8.2	-30.9	-33.7	-29.6	21.8	-16.6	8.2
Goods Exports, customs based (y/y % change)	18.5	2.4	--	-7.6	-9.0	7.0	-3.2	-13.7	--
Energy	19.2	2.9	--	-10.0	-8.9	9.4	-1.9	-17.6	--
Farm, Fishing and Intermediate Food	27.2	20.4	--	30.4	25.2	26.2	6.3	20.0	--
Farm Cash Receipts (quarterly, y/y % change)	15.2	15.0	--	--	8.8	--	--	--	--
NEW: Manufacturing Shipments, SA (y/y % change)	18.0	5.0	--	5.0	0.8	0.7	-7.9	-9.0	--
Wholesale Trade, SA (y/y % change)	15.0	11.9	--	9.6	7.4	4.5	4.9	--	--
Building Permits, SA (y/y % change)	11.8	15.2	--	11.0	6.1	25.5	26.3	--	--
Residential	5.2	19.0	--	30.2	9.4	15.2	23.9	--	--
Non-residential	20.9	10.5	--	-10.4	1.4	42.2	29.9	--	--
Business Bankruptcies	264	214	--	10.0	21.0	18.0	15.0	--	--
y/y % change	-30.2	-13.0	--	-61.5	-8.7	-40.0	-21.1	--	--

YTD (year to date) represents the change since the beginning of the year compared to the same period in the previous year. *SA* denotes seasonally adjusted. *SAAR* denotes seasonally adjusted at annual rate.

¹Quarterly; annual numbers are presented on a census year basis (July 1-June 30).

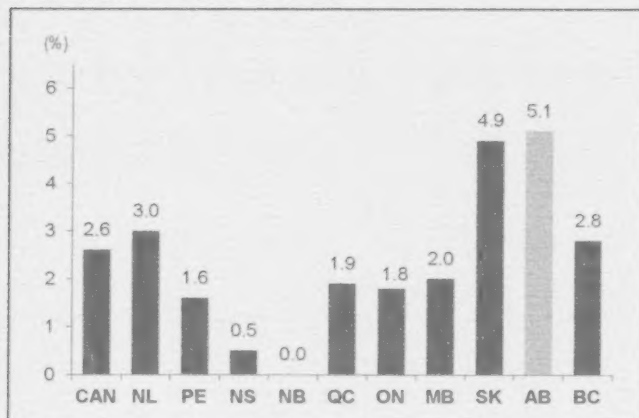
²Quarterly; average of Calgary and Edmonton

³Average of Calgary and Edmonton

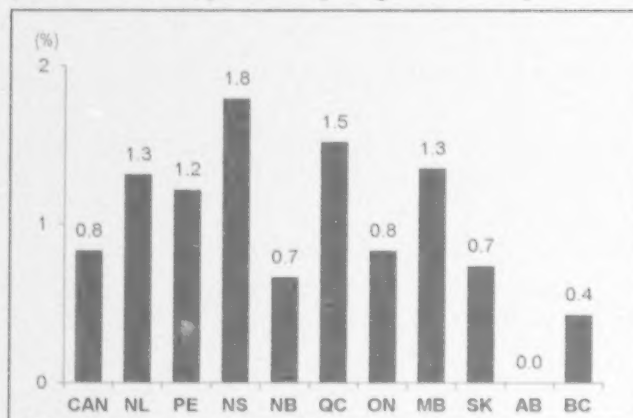
Sources All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

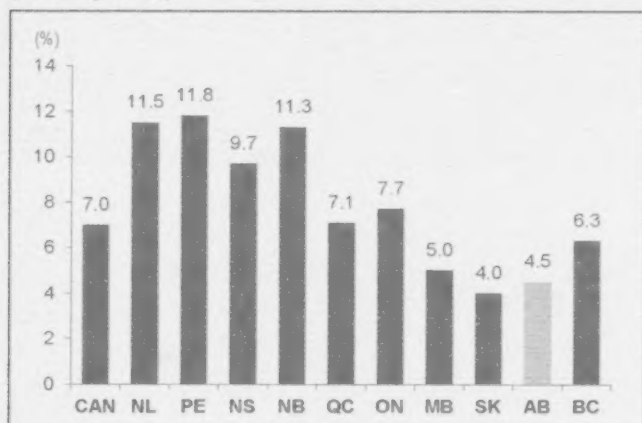
Real GDP Growth
(2011, year-over-year growth)



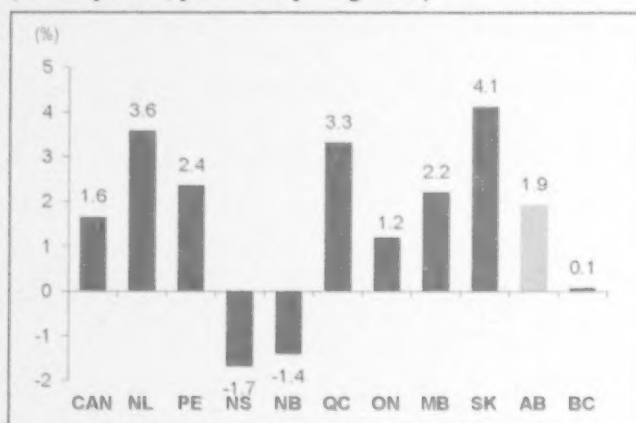
CPI Inflation
(December 2012, year-over-year growth in CPI)



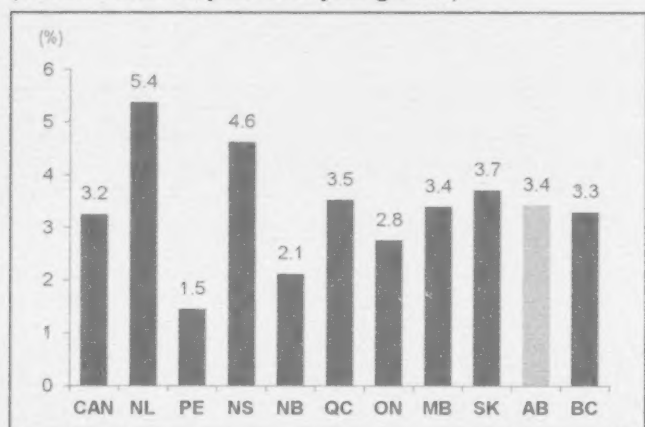
Unemployment Rate
(January 2013)



Employment
(January 2013, year-over-year growth)



Average Weekly Earnings
(November 2012, year-over-year growth)



Housing Starts
(January 2013, SAAR, year-over-year growth)

